

IV. Virtual Collocation Direct Costs DS1\DS3 Entrance Function

	A	X	Y	Z	AA	BB	CC	DD	EE
	Rate Elements/Investment Items	Depreciation Expense (O*P)	Dollar Cost of Money (O*Q)	FIT Expense (O*R)	SLIT Expense (O*S)	Other Tax Expense (O*T)	Maintenance Expense (O*U)	Administrative Expense (O*V)	Other Expense (O*W)
1	Floor Space - Recurring								
2	Item A - Buildings	\$6.23	\$19.87	\$10.70	\$0.00	\$4.79	\$22.21	\$17.55	\$0.00
3	Item B								
4	Item C								
5	Item D								
6	Item E								
7	Total	\$6.23	\$19.87	\$10.70	\$0.00	\$4.79	\$22.21	\$17.55	\$0.00
8									
9	Cable Support - Recurring								
10	Item A - Sub-conduit 1/2	\$8.44	\$48.09	\$25.89	\$0.00	\$11.28	\$25.80	\$41.29	\$0.00
11	Item B - Conduit & Cable Support 1/2	\$110.20	\$628.14	\$338.25	\$0.00	\$147.32	\$336.98	\$539.40	\$0.00
12	Item C								
13	Item D								
14	Item E								
15	Total	\$118.64	\$676.23	\$364.15	\$0.00	\$158.60	\$362.78	\$580.69	\$0.00
16									
17	Recurring Rate Element 3								
18	Item A								
19	Item B								
20	Item C								
21	Item D								
22	Item E								
23	Total								
24									
25	Nonrecurring - Cable Installation	--	--	--	--	--	--	--	--
26	Item A - Cable Installation	--	--	--	--	--	--	--	--
27	Item B	--	--	--	--	--	--	--	--
28	Item C	--	--	--	--	--	--	--	--
29	Item D	--	--	--	--	--	--	--	--
30	Item E	--	--	--	--	--	--	--	--
31	Total	--	--	--	--	--	--	--	--
32									
33	Nonrecurring Rate Element 2	--	--	--	--	--	--	--	--
34	Item A	--	--	--	--	--	--	--	--
35	Item B	--	--	--	--	--	--	--	--
36	Item C	--	--	--	--	--	--	--	--
37	Item D	--	--	--	--	--	--	--	--
38	Item E	--	--	--	--	--	--	--	--
39	Total	--	--	--	--	--	--	--	--
40									
41	Nonrecurring Rate Element 3	--	--	--	--	--	--	--	--
42	Item A	--	--	--	--	--	--	--	--
43	Item B	--	--	--	--	--	--	--	--
44	Item C	--	--	--	--	--	--	--	--
45	Item D	--	--	--	--	--	--	--	--
46	Item E	--	--	--	--	--	--	--	--
47	Total	--	--	--	--	--	--	--	--

V. Virtual Collocation Price Out DS1\DS3 Entrance Function

	A Rate Elements/Investment Items	FF	GG	HH	II	JJ	KK	LL	MM
		Total Annual Recurring Direct Unit Cost (Sum X+Y..+EE)	Total Monthly Recurring Direct Unit Cost (FF/12)	Monthly Recurring Rate Per Unit	Nonrecurring Hrly. Direct Labor Cost Other Than in D or F	Total Nonrecurring Direct Unit Cost (O or II)	Nonrecurring Rate Per Unit	Unit Of Measure	Units Required Per 100 DS1s
1	Floor Space - Recurring								
2	Item A - Buildings	\$81.33	\$6.78	\$8.19	--	--	--	1	100
3	Item B				--	--	--		
4	Item C				--	--	--		
5	Item D				--	--	--		
6	Item E				--	--	--		
7	Total	\$81.33	\$6.78	\$8.19	--	--	--	--	--
8									
9	Cable Support - Recurring				--	--	--		
10	Item A - Sub-conduit 1/2	\$160.78	\$13.40	\$15.01	--	--	--	1	1
11	Item B - Conduit & Cable Support 1/2	\$2,100.29	\$175.02	\$196.13	--	--	--	1	1
12	Item C				--	--	--		
13	Item D				--	--	--		
14	Item E				--	--	--		
15	Total	\$2,261.07	\$188.42	\$211.15	--	--	--	--	--
16									
17	Recurring Rate Element 3				--	--	--		
18	Item A				--	--	--		
19	Item B				--	--	--		
20	Item C				--	--	--		
21	Item D				--	--	--		
22	Item E				--	--	--		
23	Total				--	--	--	--	--
24									
25	Nonrecurring - Cable Installation	--	--	--					
26	Item A - Cable Installation	--	--	--	--	\$1,476.00	\$1,475.00	1	1
27	Item B	--	--	--	--				
28	Item C	--	--	--	--				
29	Item D	--	--	--	--				
30	Item E	--	--	--	--				
31	Total	--	--	--	--			--	--
32									
33	Nonrecurring Rate Element 2	--	--	--					
34	Item A	--	--	--	--				
35	Item B	--	--	--	--				
36	Item C	--	--	--	--				
37	Item D	--	--	--	--				
38	Item E	--	--	--	--				
39	Total	--	--	--	--			--	--
40									
41	Nonrecurring Rate Element 3	--	--	--					
42	Item A	--	--	--	--				
43	Item B	--	--	--	--				
44	Item C	--	--	--	--				
45	Item D	--	--	--	--				
46	Item E	--	--	--	--				
47	Total	--	--	--	--			--	--

V. Virtual Collocation Price Out DS1\DS3 Entrance Function

	A	NN Total Monthly Recurring Direct Cost (GG*MM)	OO Total Nonrecurring Direct Cost (JJ*MM)	PP Amortized Nonrecurring Direct Cost	QQ Total Monthly Direct Cost (NN or PP)	RR Total Monthly Recurring Charge (HH*MM)	SS Total Nonrecurring Charge (KK*MM)	TT Amortized Nonrecurring Charge	UU Total Monthly Charge (RR or TT)
1	Floor Space - Recurring								
2	Item A - Buildings	\$677.77	--	--	\$677.77	\$677.77	--	--	\$677.77
3	Item B		--	--			--	--	
4	Item C		--	--			--	--	
5	Item D		--	--			--	--	
6	Item E		--	--			--	--	
7	Total	\$677.77	--	--	\$677.77	\$677.77	--	--	\$677.77
8									
9	Cable Support - Recurring		--	--			--	--	
10	Item A - Sub-conduit 1/2	\$13.40	--	--	\$13.40	\$13.40	--	--	\$13.40
11	Item B - Conduit & Cable Support 1/2	\$175.02	--	--	\$175.02	\$175.02	--	--	\$175.02
12	Item C		--	--			--	--	
13	Item D		--	--			--	--	
14	Item E		--	--			--	--	
15	Total	\$188.42	--	--	\$188.42	\$188.42	--	--	\$188.42
16									
17	Recurring Rate Element 3		--	--			--	--	
18	Item A		--	--			--	--	
19	Item B		--	--			--	--	
20	Item C		--	--			--	--	
21	Item D		--	--			--	--	
22	Item E		--	--			--	--	
23	Total		--	--			--	--	
24									
25	Nonrecurring - Cable Installation	--				--			
26	Item A - Cable Installation	--	\$1,476.00	\$0.00	\$0.00	--	\$1,475.00	\$0.00	\$0.00
27	Item B	--				--			
28	Item C	--				--			
29	Item D	--				--			
30	Item E	--				--			
31	Total	--				--			
32									
33	Nonrecurring Rate Element 2	--				--			
34	Item A	--				--			
35	Item B	--				--			
36	Item C	--				--			
37	Item D	--				--			
38	Item E	--				--			
39	Total	--				--			
40									
41	Nonrecurring Rate Element 3	--				--			
42	Item A	--				--			
43	Item B	--				--			
44	Item C	--				--			
45	Item D	--				--			
46	Item E	--				--			
47	Total	--				--			
48 Total Monthly Direct Cost Per 100 DS1s					48 Total Monthly Charge Per 100 DS1s				

Puerto Rico Telephone Company
VEIS Filing
May 6, 1996

I. As a Percentage of Gross Incremental Investment

	Asset	Maintenance Factor	Depr %
	Source	WP4, Ln A Col d	
1	Account 2111 - Land (NA)	0.1177	0.00%
2	Account 2121 - Buildings (38)	0.1177	3.30%
3	Account 2212 - Digital Switching (13)	0.0904	7.50%
4	Account 2232 - Circuit Equip (11)	0.0471	8.90%
5	Account 2441 - Conduit (54)	0.0581	1.90%

II. Tax Expense

		Source	Annual Cost Factor
1	Federal Income Tax	WP4, Ln C	0.5385
2	State and Local Income Tax	NA	NA
3	Property Tax	WP4, Ln B	0.0254
4	Gross Receipts Tax	WP4, Ln B	0.0254

III. Administrative Expense as a Percentage of Total Rate Element Investment

		Source	Annual Cost Factor
1	Acct 1220.1 - Materials and Supplies - Inventory	WP2, Row IV-1	0.1078%
2	Acct 2112 - Motor Vehicles	WP2, Row IV-2	0.2335%
3	Acct 2116 - Other Work Equipment	WP2, Row IV-3	0.0816%
4	Acct 2122 - Furniture	WP2, Row IV-4	0.0937%
5	Acct 2123 - Office Equipment	WP2, Row IV-5	0.1681%
6	Acct 2124 - General Purpose Computers	WP2, Row IV-6	0.8128%
7	Acct 6531 - Power Expense	WP2, Row IV-7	0.4471%
8	Acct 6532 - Network Administration	WP2, Row IV-8	0.2864%
9	Acct 6533 - Testing Expense	WP2, Row IV-9	0.7581%
10	Acct 6534 - Plant Operations Administration	WP2, Row IV-10	1.1008%
11	Acct 6535 - Engineering Expense	WP2, Row IV-11	0.4881%
12	Acct 6610 - Marketing	WP2, Row IV-12	0.2532%
13	Acct 6623 - Customer Services	WP2, Row IV-13	1.4491%
14	Acct 6710 - Executive and Planning	WP2, Row IV-14	0.3365%
15	Acct 6620 - General and Administrative	WP2, Row IV-15	2.6929%

**Annual Revenue Requirement Factor Development
Administrative and Other Expenses
Interstate Jurisdiction
1996 - 1997 Access Tariff Test Year Cost Study 1/**

Item (a)	Item Expense (b)	Asset Item Rate Base Component 2/ (c)	Asset Item Return Component (Col. c x .1125) (d)	Asset Item Maint. Expense Loading 3/ (e)	Asset Item Depr. Expense Loading 4/ (f)	Interstate Plant in Service 5/ (g)	Annual Factor Expense Item (Col.b/Col.g) (h)	Annual Factor Asset Item ((Cols. d + e + f)/ Col. g) (i)
1. Account 1220 - Inventories	N/A	6,364,479	716,004	N/A	N/A	664,082,104	N/A	0.0011
2. Account 1221 - Motor Vehicle	N/A	3,911,979	440,098	N/A	647,103	664,082,104	N/A	0.0023
3. Account 2116 - Other Work Equipment	N/A	2,419,491	272,193	7,420	202,174	664,082,104	N/A	0.0008
4. Account 2122 - Furniture	N/A	1,669,625	187,833	217,850	216,390	664,082,104	N/A	0.0009
5. Account 2123 - Office Equipment	N/A	1,849,018	208,015	804,184	104,054	664,082,104	N/A	0.0017
6. Account 2124 - General Purp. Computers	N/A	7,416,732	834,382	2,754,713	1,808,646	664,082,104	N/A	0.0081
7. Account 6531 - Power Expense	2,969,356	N/A	N/A	N/A	N/A	664,082,104	0.0045	N/A
8. Account 6532 - Network Administration	1,902,012	N/A	N/A	N/A	N/A	664,082,104	0.0029	N/A
9. Account 6533 - Testing Expense	5,034,242	N/A	N/A	N/A	N/A	664,082,104	0.0076	N/A
10. Account 6534 - Plant Ops. Admin. Expense	7,310,517	N/A	N/A	N/A	N/A	664,082,104	0.0110	N/A
11. Account 6535 - Engineering Expense	3,241,143	N/A	N/A	N/A	N/A	664,082,104	0.0049	N/A
12. Account 6610 - Marketing Expense	1,681,143	N/A	N/A	N/A	N/A	664,082,104	0.0025	N/A
13. Account 6623 - Customer Service	9,622,883	N/A	N/A	N/A	N/A	664,082,104	0.0145	N/A
14. Account 6710 - Executive & Planning	2,234,774	N/A	N/A	N/A	N/A	664,082,104	0.0034	N/A
15. Account 6720 - General & Admin. Expenses	17,882,775	N/A	N/A	N/A	N/A	664,082,104	0.0269	N/A

NOTES:

1/See PRTC Transmittal No.1, 1996 Annual Access Tariff Filing, 47 CFR 61.38 Cost Support Material, Volume 2, Section 2.

2/Asset item component of interstate rate base from test year cost study filed on April 2, 1996.

3/Asset item interstate plant specific expenses from test year cost study filed on April 2, 1996.

4/Asset item interstate depreciation expenses from test year cost study filed on April 2, 1996.

5/Total interstate plant in service from test year cost study filed on April 2, 1996.

Puerto Rico Telephone Company
VEIS Tariff Filing
May 6, 1996
Cost of Money Analysis

Return : 11.25%

5 Year Example

	Asset Type	Depr Rate	Depr Life	% Salvage	\$ Return Year 1	\$ Return Year 2	\$ Return Year 3	\$ Return Year 4	\$ Return Year 5	Cost of Money
1	Account 2111 - Land (NA)	0.00%	NA		\$0.1125	\$0.1125	\$0.1125	\$0.1125	\$0.1125	11.25%
2	Account 2121 - Buildings (38)	3.30%	38	-27.00%	\$0.1125	\$0.1088	\$0.1052	\$0.1017	\$0.0984	10.53%
3	Account 2212 - Digital Switching (13)	7.50%	13	1.00%	\$0.1125	\$0.1041	\$0.0963	\$0.0890	\$0.0824	9.68%
4	Account 2232 - Circuit Equip (11)	8.90%	11	8.00%	\$0.1125	\$0.1025	\$0.0934	\$0.0851	\$0.0775	9.42%
5	Account 2441 - Conduit (54)	1.90%	54	-2.00%	\$0.1125	\$0.1104	\$0.1083	\$0.1062	\$0.1042	10.83%

Puerto Rico Telephone Company
Annual Revenue Requirement Factor Development
Maintenance and Taxes
Interstate Jurisdiction
1996 - 1997 Access Tariff Test Year Cost Study 1/

<u>Item</u> (a)	<u>Interstate Expense</u> (b)	<u>Interstate Plant in Service</u> (c)	<u>Annual Factor Expense Item (Col.b/Col.c)</u> (d)
A. Plant Specific Operations Expenses			
1. Account 6121 - Land & Building Expense 2/	6,418,393	54,538,230	0.1177
2. Account 6210 - Central Office Switching Expense 3/	6,384,093	70,583,217	0.0904
3. Account 6230 - Transmission Equipment Expense 4/	4,952,560	105,092,939	0.0471
4. Account 6410 - Cable & Wire Facilities Expense 5/	22,541,638	387,856,995	0.0581
B. Other Operating Taxes 6/	16,849,471	664,082,104	0.0254
C. Federal Income Taxes - Gross-Up Factor 7/	xxx	xxx	0.5385

NOTES:

1/See PRTC Transmittal No.1, 1996 Annual Access Tariff Filing, 47 CFR 61.38 Cost Support Material, Volume 2, Section 2.

2/Interstate Land & Building Expenses divided by Interstate Land & Building Investment.

3/Interstate COE Switching Expenses divided by Interstate COE Switching Investment.

4/Interstate COE Transmission Equipment Expenses divided by Interstate COE Transmission Equipment Investment.

5/Interstate Cable & Wire Facilities Expenses divided by Interstate Cable & Wire Facilities Investment.

6/Interstate Other Operating Taxes divided by Interstate Plant-In-Service Investment.

7/FIT Gross-Up Factor applied to Cost of Money requirements to estimate FIT obligations. Factor is calculated as follows:

$$\begin{aligned}
 \text{Gross-Up Factor} &= (\text{Tax Rate}) / (1 - \text{Tax Rate}) \\
 &= (.35) / (1 - .35) \\
 &= .5385
 \end{aligned}$$

Puerto Rico Telephone Company
VEIS Tariff Filing
May 6, 1996

Floor Space Investment Analysis

Office		Building Investment	Square Footage	Common Area Percentage	Area Weight	Annual Investment Per Square Foot
1	Arecibo	\$1,730,872	9,005	35.00%	4.08%	\$259.49
2	Carolina	\$624,166	6,599	42.34%	2.99%	\$134.63
3	Guaynabo	\$217,607	3,883	55.00%	1.76%	\$86.86
4	Manati	\$390,587	600	35.00%	0.27%	\$878.82
5	Mayaguez	\$250,968	2,294	16.30%	1.04%	\$131.80
6	San Juan - Alto	\$1,004,832	5,435	55.03%	2.46%	\$286.62
7	Hato Rey	\$2,233,845	15,253	64.04%	6.91%	\$240.24
8	Roosevelt - 1513	\$6,373,459	22,783	45.00%	10.32%	\$405.63
9	Ponce	\$3,594,800	39,795	25.00%	18.03%	\$112.92
10	Bayamon	\$394,150	15,322	58.68%	6.94%	\$40.82
11	San Juan - PDA 15	\$2,590,550	20,679	52.00%	9.37%	\$190.42
12	Santurce	\$2,925,278	34,812	54.00%	15.77%	\$129.41
13	San Juan - Hato Rey	\$1,540,467	3,198	50.00%	1.45%	\$722.55
14	Humacao	\$1,219,208	6,710	45.00%	3.04%	\$263.47
15	Isla Verde	\$281,188	2,169	36.87%	0.98%	\$177.44
16	Mayaguez	\$2,176,825	25,120	50.00%	11.38%	\$129.99
17	Guayama	\$694,838	5,335	46.00%	2.42%	\$190.15
18	Penuelas	\$274,130	1,728	50.00%	0.78%	\$237.96
System Average		\$28,526,770	220,720	45.97%	100.00%	\$188.66

Puerto Rico Telephone Company
VEIS Tariff Filing
May 6, 1996
Rate Element Investment Summary

	Quantity	Total Investment	Investment per Unit
I. DS1 Cross Connect			
Abam Cable	200	\$588.00	\$588.00
DSX-1 Jackfield	1	\$1,000.00	\$35.71
Total Unit Investment			\$623.71
II. DS3 Cross Connect			
Abam Cable	200	\$588.00	\$588.00
DSX-3 Jackfield	1	\$5,800.00	\$5,800.00
Total Unit Investment			\$6,388.00
III. Cable Support Structure			
Subconduit	400	\$444.00	\$444.00
Conduit & Support	400	\$5,800.00	\$5,800.00
Total Unit Investment			\$6,244.00

Appendix B

Puerto Rico Telephone Company
VEIS Tariff Filing
May 6, 1996
VEIS Overhead Analysis

	Rate Element	Rec/NRC	Proposed Rate (A)	Direct Cost (B)	Overhead Factor (C)=(A/B)
1	DS1 Cross Connect	Rec	\$22.34	\$14.61	1.5295
2	DS3 Cross Connect	Rec	\$237.40	\$149.59	1.5869
3	Cable Support Structure	Rec	\$211.19	\$126.83	1.6652
4	Floor Space	Rec	\$8.19	\$4.92	1.6652
5					
6					
7					
8					
9					
10					
11	Cable Installation	NRC	\$1,475.00	\$1,475.00	1.0000
12	Equipment Installation	NRC	ICB	ICB	1.0000
13	Training	NRC	ICB	ICB	1.0000
14	Equipment Maintenance	NRC	ICB	ICB	1.0000
15					

Notes:

1. Cross Connect rates were developed using the same rate/direct cost factors found in PRTC's Special Access DS1 and DS3 rates respectively. (See Note 2 on Cross Connect TRP for specific references)
2. Other rates used aggregate rate/direct cost factor implicit in special access rate development. (See individual Tariff forms for specific reference)



P.O. Box 360998, San Juan, P.R. 00936-0998

Office of the Comptroller

November 16, 1993

*Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Suite 222
Washington, D.C. 20554*

Dear Mr. Caton:

In accordance with Part 43.43 of the Federal Communications Commission's Rules and Regulations, the Puerto Rico Telephone Company submits the attached statements in duplicate, proposing a new schedule of depreciation rates.

Puerto Rico Telephone Company is simultaneously filing a 1993 Depreciation Rate Study with the Federal Communications Commission's Depreciation Rates Branch.

FEE EXEMPTION

Puerto Rico Telephone Company is one hundred percent owned by the Puerto Rico Telephone Authority, an instrumentality of the Commonwealth of Puerto Rico. Accordingly, pursuant to Section 1.1112(f) of Commission Rules 47 C.F.R. 1.1112(f) this submission is exempt from any filing fee.

This submission and Depreciation Study have been prepared in accordance with PRTC's internal policy to review its depreciation rates at three-year intervals. The last overall study was prepared based on December 31, 1989 plant investment and reserve balances. The attached statements and the cited 1993 Depreciation Rates Study have been prepared based on December 31, 1992 investment and reserve balances.

*Mr. William F. Caton
Acting Secretary, FCC
November 16, 1993
Page 2*

Neither PRTC's current depreciation rates nor its prior depreciation rates have been prescribed by the Commission. PRTC is not subject to or scheduled for prescription and is not requesting prescription in this filing. The Company has, however, attempted to meet, to the maximum extent possible, the procedures and requirements set forth in the FCC's Depreciation Study Guide.

The rates set forth in the attached statements will first be applied in the accounts in December, 1993 retroactive to January 1, 1993.

The following statements are attached to this submission, Statement A-R, A-WL, B-RL, B-WL, C and Parameter Reports.

Sincerely,



Felipe Piazza

nr

Enclosures

FEDERAL COMMUNICATIONS COMMISSION

WASHINGTON, D.C. 20554

November 29, 1993

Mr. Felipe Piazza
Controller
Puerto Rico Telephone Company
1500 Roosevelt Avenue
San Juan, Puerto Rico 00936

Dear Mr. Piazza:

On October 25, 1993, we received a depreciation rate study presented by Puerto Rico Telephone Company (PTRC) which proposed revised depreciation rates. The proposed rates were the subject of discussions between Snavely, King and Associates (PTRC's consultant) and the FCC staff. As a result of these discussions PTRC filed revised statements on November 16, 1993.

We have reviewed your November 16, 1993 filing and find that the depreciation rates as shown therein are reasonable. FCC staff will raise no objection to the adoption of these rates as detailed in the attachments. Further, we do not object to PTRC's booking the depreciation expense, using these rates effective January 1, 1993. This letter does not constitute prescription or approval by the FCC, nor does it preclude the FCC from reviewing any of the depreciation rates in use by PTRC at some future date.

Sincerely,

Fatima K. Franklin

Fatima K. Franklin
Chief, Depreciation Rates Branch

Attachments

cc: Puerto Rico Telephone Authority
Snavely, King & Associates



Summary of Depreciation Rates

Company: PRTC
Service Area: Puerto Rico

Statement A - RL (Proposed)

		Depreciation Rates In Effect 12/31/92				Depreciation Rates In Effect 1/1/93			
Account Number	Account Description	Remaining Life Years	Reserve %	Future Net Salvage %	Depr. Rate %	Remaining Life Years	Reserve %	Future Net Salvage %	Depr. Rate %
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
2112	MOTOR VEHICLES	1.2	72.7	10.0	14.4	3.2	58.9	10.0	9.7
2115	GARAGE WORK EQUIPMENT 1/	6.1	41.2	0.0	9.6	6.1	69.2	0.0	5.0
2116	OTHER WORK EQUIPMENT 1/					4.4	51.5	27.0	4.9
	Tele. Repair Shop Eqpt	16.4	32.6	0.0	4.1				
	Work Store Rm - Carpentry	12.7	39.1	20.0	3.2				
	General Tools	3.3	40.3	35.0	7.5				
	Miscellaneous Work Eqpt	1.0	99.8	0.0	0.2				
2121	BUILDINGS								
	Microwave Towers	11.6	32.6	0.0	5.8	9.7	47.2	0.0	5.4
	Buildings	32.8	23.2	-27.0	3.2	31.4	24.6	-27.0	3.3
2122	FURNITURE 1/	6.9	20.5	20.0	8.6	6.9	27.3	20.0	7.6
2123.1	OFFICE SUPPORT EQUIPMENT 1/	6.9	70.0	20.0	1.4	6.9	57.4	20.0	3.3
2123.2	COMPANY COMM. EQUIPMENT 1/					5.1	38.7	-5.0	13.0
	Cellular Radio Equipment	3.6	3.4	0.0	26.8				
	Fax	3.6	39.3	0.0	16.9				
	Paging	3.6	9.0	0.0	25.3				
	Telephones	4.5	42.8	-5.0	13.8				
	Small PBXs	9.7	17.2	5.0	8.0				
	Large PBXs	3.5	73.7	10.0	4.7				
	Walkie Talkie								
2124	GENERAL PURPOSE COMPUTERS	3.7	33.2	10.0	15.4	3.8	43.7	2.0	14.3
2211	ANALOG ELECTRONIC SWITCHING	2.0	60.0	2.0	19.0	0.5	75.2	0.0	49.6
2212	DIGITAL ELECTRONIC SWITCHING 2/	12.9	22.7	3.0	5.8	9.5	26.0	3.0	7.5
2220	OPERATOR SYSTEMS 1/	6.3	49.4	0.0	8.0	6.3	34.7	0.0	10.4
2231	RADIO SYSTEMS 1/								
	Non-Cellular Radio Fac	3.6	73.6	0.0	7.3	3.6	85.4	0.0	4.1
	Terr. Micro. Radio Fac.	4.2	55.9	0.0	10.5	4.2	79.9	0.0	4.8
	Cellular Radio Fac	4.2	55.9	0.0	10.5	4.2	12.6	0.0	20.8
2232.1	ANALOG CIRCUIT EQUIPMENT 2/	5.8	54.2	0.0	7.9	3.6	37.7	0.0	17.3
2232.2	DIGITAL CIRCUIT EQUIPMENT	7.8	21.6	8.0	9.0	7.3	34.9	0.0	8.9
2351	PUBLIC TELEPHONE EQUIPMENT 1/					6.5	52.7	5.0	6.5
	Coin	6.5	45.5	5.0	7.6				
	Coinless	6.5	28.6	5.0	10.2				
2362	OTHER TERMINAL EQUIPMENT 1/	1.7	81.2	-5.0	14.0	1.7	69.7	-5.0	20.8

Summary of Depreciation Rates

Company: PRTC
Service Area: Puerto Rico
Statement A - RL (Proposed)

Account Number	Account Description	Depreciation Rates In Effect 12/31/92				Depreciation Rates In Effect 1/1/93			
		Remaining Life	Reserve	Future Net Salvage	Depr. Rate	Remaining Life	Reserve	Future Net Salvage	Depr. Rate
		Years	\$	\$	%	Years	\$	\$	%
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
2411	POLES					18.1	28.1	-15.0	4.8
	Exchange	20.7	20.1	-15.0	4.6				
	Microwave Towers	20.7	31.9	-15.0	4.0				
	Toll	20.7	38.6	-15.0	3.7				
2421	AERIAL CABLE 3/					8.5	10.6	-26.0	10.0
	Exchange, Toll and Drop								
	Exchange	9.7	31.4	-14.0	8.5				
	Toll	9.7	55.6	-14.0	6.0				
	Drop Wire	9.7	24.3	-14.0	9.0				
2422	UNDERGROUND CABLE 2/					16.8	27.5	-10.0	4.9
	Exchange	19.1	28.9	-17.8	4.6				
	Toll	19.1	43.0	-17.8	3.9				
2423	BURIED CABLE 2/					16.4	29.0	-15.0	5.2
	Exchange	17.3	32.4	-15.0	4.8				
	Toll	17.3	75.4	-15.0	2.3				
	Service Wire	17.3	8.6	-15.0	6.2				
2426	INTRABUILDING NETWORK CABLE 3/					8.5	3.8	-26.0	14.4
	38C	9.3	10.8	-10.0	10.8				
	38MC	5.2	30.5	10.0	13.8				
2431	AERIAL WIRE 1/					2.3	96.1	-5.0	3.9
	Exchange	2.3	87.5	-5.0	7.6				
	Toll	0.4	100.0	-5.0	0.0				
2441	CONDUIT SYSTEMS					44.1	19.5	0.0	1.8
	Exchange	45.1	18.0	-2.0	1.9				
	Toll	45.1	17.3	-2.0	1.9				
2601	CAPITAL LEASES	3.1	39.8	0.0	19.4	4.1	78.5	0.0	5.2
2682	LEASEHOLD IMPROVEMENTS	6.3	27.7	0.0	11.5	14.5	51.0	0.0	3.4
	OWNERSITE RATE				6.6				7.4

1/ Studied as a moratorium, i.e. retention of current RL and FMS.

2/ Reflects FCC questions on November 5, 1993.

3/ Reflects FCC questions on October 26, 1993.

3.5 Loaded Labor Rate Study

Overview and Objective

In order to reflect current labor costs, the Loaded Labor Rate Study identifies and calculates a separate loaded labor rate for each labor classification utilized by PRTC. The resulting labor rates are then used to update the following special studies:

- The Access Service Order and Access Service Provisioning Time and Motion Study
- The CT-Relative Index Study (CT-RIS)
- The Optional Features and Functions Study

- The DS3 Cost of Service Study

The Labor Rate Study is also used to update the Additional Services Labor rate elements additional engineering; standby testing; CO maintenance technician; and installation and repair.

Methodology

Labor rates have been developed for each job classification by adding the appropriate loadings to the average hourly wage rate for that classification. Average Hourly Wage rates have been developed as follows:

Hourly Employees - Average gross wage rate per hour, including authorized paid absences¹ of work group members.

Salaried Employees - Total salaries of the work group performing the function (excluding supervision) divided by the total number of normal man-hours to be worked in the period. This method utilizes the following formula:

$$\bar{S} = \frac{S1 + S2 + S3 + \dots S_n}{(h \times d \times w) \times n}$$

where \bar{S} = Average salary per hour
 S = Individual monthly salary. (Including authorized paid absences)
 h = Normal hours per day
 d = Normal scheduled days per week
 w = Normal scheduled weeks per month
 n = Number of employees in the work group

¹ Authorized paid absences include vacation time, sick days, paid holidays, and other instances for which normal wages are paid.

Where applicable, the following loadings have been added to the average hourly wage rate to calculate the combined loaded labor rate for each labor classification.

Direct Supervision Loading

Direct (immediate) supervision of the work function being performed has been included in the labor rates (e.g. if 10% of a supervisor's time has been spent on a work function, then 10% of the supervisor's salary, calculated on an hourly basis, has been included). This amount has been expressed as dollars paid per hour.

Social Security and Unemployment Tax Loading

The annual company contribution for Social Security and Unemployment Taxes has been included in the labor rate development and expressed as a dollars-per-hour amount. These loadings have been calculated by multiplying the basic hourly wage rate for each labor classification by .0765 (Social Security) and .003 (Unemployment Tax).

Relief and Pension Loading

The annual company contribution for Employee Benefit packages and Pensions has been included in the labor rate development and expressed as a dollars per hour amount. These loadings have been calculated by dividing the estimated annual Relief and Pension Expense by the total estimated annual employee hours and multiplying the resulting percentage by the basic hourly wage rate for each labor classification.

General Supervision Loading

A loading for General Supervision has been developed for inclusion in the labor rate and expressed as a dollars per hour amount. These loadings have been calculated by dividing the estimated annual General Supervision Expense by the total estimated annual employee hours and multiplying the resulting percentage by the basic hourly wage rate for each labor classification.

Social Security and Unemployment Tax Loading for General Supervision

The portion of Social Security and Unemployment Taxes related to General Supervision has been loaded into the hourly labor rate for each labor classification. These loadings have been calculated by multiplying the General Supervision Loading for each labor classification by .0765 (Social Security) and .003 (Unemployment Tax) and summing the results.

Relief and Pension Loading for General Supervision

The portion of Relief and Pension Loading related to General Supervision has been loaded into the hourly labor rate for each labor classification. These loadings have been calculated by multiplying the General Supervision Loading for each labor classification by that labor classification's Relief and Pension Loading percentage calculated earlier.

The summary results of the Loaded Labor Rate Study are shown in Exhibit 4.

**Puerto Rico Telephone Company
1995 Labor Rate Study**

	Labor Class 1	Labor Class 2	Labor Class 3	Labor Class 4	Labor Class 5
Number of Labor Class →					
Labor Class Description →	Ckt .Des. I	Fac.Tech.	M/W Tech.	Engr. Bach.	Engr. Train.
1. Average Hourly Wage (incl. paid absence)	\$13.74	\$19.31	\$18.98	\$24.83	\$15.53
2. Premium Loading - Normal Oper.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3. Direct Supervision Loadings	\$2.85	\$2.27	\$1.26	\$0.92	\$1.98
4. Employee Training Loading	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Social Sec. & Unempl.Tax	\$0.86	\$1.22	\$1.20	\$1.54	\$0.96
6. Relief & Pension	\$6.08	\$8.54	\$8.40	\$7.85	\$4.91
7. Gen'l. Supervision Loading	\$7.00	\$13.98	\$9.32	\$3.86	\$7.99
8. Gen'l. Expense Loading - Gen'l. Supervision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. Soc.Sec. & Unempl.Tax - Gen'l. Supervision	\$0.56	\$1.11	\$0.74	\$0.30	\$0.63
10. Relief & Pension - Gen'l. Supervision	\$3.92	\$7.83	\$5.22	\$1.54	\$3.20
11. Other Expense Loading	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
12. Total Rate Sum of Lines 1 - 11	\$35.01	\$54.26	\$45.12	\$40.84	\$35.20

**Puerto Rico Telephone Company
1995 Labor Rate Study**

	Labor Class 6	Labor Class 7	Labor Class 8	Labor Class 9	Labor Class 10
Number of Labor Class →					
Labor Class Description →	Supv.Rep.	Ckt.Des.II	Plt.Ops Crd	Sup.Sv.Ord	Sw.Worker
1. Average Hourly Wage (incl. paid absence)	\$23.70	\$16.86	\$18.14	\$20.99	\$16.38
2. Premium Loading - Normal Oper.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3. Direct Supervision Loadings	\$0.75	\$1.21	\$2.31	\$1.28	\$0.42
4. Employee Training Loading	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Social Sec. & Unempl.Tax	\$1.47	\$1.06	\$1.13	\$1.30	\$1.03
6. Relief & Pension	\$7.49	\$7.46	\$5.74	\$6.64	\$5.44
7. Gen'l. Supervision Loading	\$3.20	\$6.21	\$9.32	\$5.08	\$2.24
8. Gen'l. Expense Loading - Gen'l. Supervision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. Soc.Sec. & Unempl.Tax - Gen'l. Supervision	\$0.24	\$0.50	\$0.71	\$0.40	\$0.17
10. Relief & Pension - Gen'l. Supervision	\$1.28	\$3.48	\$3.73	\$2.03	\$0.94
11. Other Expense Loading	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
12. Total Rate Sum of Lines 1 - 11	\$38.13	\$36.78	\$41.08	\$37.72	\$26.62

**Puerto Rico Telephone Company
1995 Labor Rate Study**

	Labor Class 11	Labor Class 12	Labor Class 13	Labor Class 14	Labor Class 15
Number of Labor Class →					
Labor Class Description →	Electr.Tech.	Secr.B	Secr.A	Sv.Rep.Tm	Adm.Off.Cl.
1. Average Hourly Wage (incl. paid absence)	\$15.27	\$10.10	\$12.68	\$11.34	\$10.17
2. Premium Loading - Normal Oper.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3. Direct Supervision Loadings	\$1.27	\$0.70	\$0.41	\$0.33	\$0.43
4. Employee Training Loading	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Social Sec. & Unempl.Tax	\$0.96	\$0.63	\$0.80	\$0.72	\$0.64
6. Relief & Pension	\$6.76	\$4.47	\$5.61	\$3.76	\$4.50
7. Gen'l. Supervision Loading	\$9.32	\$3.29	\$1.93	\$2.38	\$2.33
8. Gen'l. Expense Loading - Gen'l. Supervision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. Soc.Sec. & Unempl.Tax - Gen'l. Supervision	\$0.74	\$0.25	\$0.15	\$0.18	\$0.18
10. Relief & Pension - Gen'l. Supervision	\$5.22	\$1.84	\$1.08	\$1.00	\$1.30
11. Other Expense Loading	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
12. Total Rate Sum of Lines 1 - 11	\$39.54	\$21.28	\$22.66	\$19.71	\$19.55